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FISCAL IMPACT REPORT

SPONSOR: Lopez DATE TYPED: 2/25/03 HB _____
 SHORT TITLE: State Child Care Eligibility SB 517
 ANALYST: Chabot

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$2,000.0		\$160,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 290

Relates to Appropriation in the General Appropriation Act providing \$71,126.1 for child care assistance (\$7,031.4 general fund, \$560.0 operating transfers, \$28,751.3 TANF transfers, \$33,883.4 federal funds and \$900.0 other state funds) to provide approximately 23,800 child care slots.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)
 Human Services Department (HSD)
 New Mexico Developmental Disabilities Planning Council (NMDDPC)
 State Department of Education

SUMMARY

Synopsis of Bill

Senate Bill 517 appropriates \$2,000.0 from the general fund to CYFD for the purpose of serving new clients by raising the eligibility for state-subsidized child care from 100 percent to 200 percent of the federal poverty guidelines and creating a waiting list of clients not able to be served because of insufficient funding. Families on the waiting list with the lowest eligible incomes shall receive priority for services.

Significant Issues

Prior to July 2001, CYFD regulations established an eligibility level of 200 percent of the federal poverty guidelines. During fiscal year 2001, the program was growing at the rate of 5 percent per month and the agency determined the growth would rapidly exceed budget availability. The

agency changed the regulations to limit eligibility to 100 percent of the federal poverty guidelines. CYFD states that there are 5,341 children on the contact list of families between 100 percent and 200 percent of the federal poverty guidelines.

CYFD estimates that it cost \$13,056.6 in recurring appropriations to fully fund clients at the 200 percent level by providing 4,630 additional slots. The funding in this bill would provide approximately 700 childcare slots.

The LFC staff analysis, based upon U. S. Census Bureau data, is that approximately 240,000 families in New Mexico would be eligible for childcare at 200 percent of the federal poverty level. While the data does not estimate the eligible number of children using the ratio of childcare slots to eligible families at 100 percent federal poverty guidelines (1 to 3), an additional 56,000 slots would be needed to expand eligibility to 200 percent federal poverty guidelines. The estimated cost would be \$160 million.

Based upon the federal fiscal year 2002 federal poverty guidelines, income eligibility at 100 percent would be as follows:

Family Size	Income	Hourly Wage
2	\$11,940	\$5.74
3	\$15,020	\$7.22
4	\$18,100	\$8.70
5	\$21,180	\$10.18

Under this bill income eligibility would be raised to the following:

Family Size	Income	Hourly Wage
2	\$23,880	\$11.48
3	\$30,040	\$14.44
4	\$36,200	\$17.40
5	\$42,360	\$20.37

HSD states the change in income requirements would help to get families off the temporary assistance to needy families (TANF) program. The average hourly wage for a family leaving TANF is \$6-7 dollars per hour, about 100 percent of the federal poverty guidelines. Many families are forced to leave these jobs and return to TANF because they lose the child care assistance.

NMDDPC states that a Taxation and Revenue Department study in 1998 estimated that 60 percent of New Mexico children lived in households with incomes below 200 percent of the federal poverty guidelines. While the agency is not directly served by this appropriation, it states that this funding would allow more families to participate with a direct impact on clients.

FISCAL IMPLICATIONS

The appropriation of \$2,000.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2004 shall revert to the general fund.

The estimated additional cost to provide childcare to 200 percent of the federal poverty guidelines is \$160,000.0 based on an estimated need of 56,000 additional slots at \$2,880 average cost per slot. This increased cost would not occur in fiscal year 2004 but would increase overtime as the program grows. With the level of funding, a substantial waiting list would result.

ADMINISTRATIVE IMPLICATIONS

CYFD will have to adopt new regulations for childcare to reflect the new eligibility but does not anticipate any significant difficulties.

GAC/yr:sb